

Message Text

CONFIDENTIAL

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70

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 AF-10 EA-11 EUR-25 NEA-14

RSC-01 FEA-02 AGR-20 CEA-02 COME-00 FRB-03 H-03

INR-11 INT-08 L-03 LAB-06 NSC-07 PA-04 AID-20 CIEP-03

SS-20 STR-08 TAR-02 TRSE-00 PRS-01 SP-03 OMB-01

SWF-02 DRC-01 /219 W

----- 055046

O 062115Z SEP 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 5468

C O N F I D E N T I A L BRASILIA 6819

E.O.11652: GDS

TAGS: ETRD, EFIN, BR

SUBJECT: COUNTERVAILING DUTY

1. I INFORMED FOREIGN MINISTER SILVEIRA AT 9:40 THIS MORNING OF THE COUNTERVAILING DUTY DECISION. I GAVE HIM A COPY OF SECRETARY SIMON'S LETTER TO SIMONSEN AND ORALLY STRESSED THE POSITIVE ASPECTS OF THE FORMULA, PARTICULARLY THE DOWNWARD FLEXIBILITY. HE SEEMED FAVORABLY IMPRESSED BY THAT FEATURE.

2. SILVEIRA, WHO WAS DUE AT THE PRESIDENT'S OFFICE AT 10:00 AND WHO WANTED TO DISCUSS CUBA WITH ME, DID NOT READ THE LETTER IN FULL AND SAID HE WOULD GET BACK TO ME. HE DID IMMEDIATELY ASK ABOUT SIMULTANEOUS ANNOUNCEMENTS INVOLVING OTHER COUNTRIES. I GAVE HIM THE QUALIFIED INFORMATION AUTHORIZED IN STATE 195351. HE SAID THAT HE KNEW FROM ARANJO CASTRO THAT STATE WAS SEEKING TO ASSURE THAT THERE WOULD BE SIMULTANEOUS ANNOUNCEMENTS.

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3. I CAUTIONED SILVEIRA ABOUT THE NECESSITY TO AVOID ANY

LEAKS BEFORE THE PUBLIC ANNOUNCEMENT ON SEPTEMBER 11. HE GAVE ME ASSURANCES, REMARKING MATTER OF FACTLY THAT IT WAS FINANCE MINISTER SIMONSEN I SHOULD SPEAK TO ABOUT LEAKS.

3. SILVEIRA TOOK THE SIMON LETTER WITH HIM TO HIS MEETING WITH THE PRESIDENT.

5. AT THE SAME TIME I CALLED ON SILVEIRA, THE FINANCIAL ATTACHE DELIVERED SIMON'S LETTER TO MINISTER SIMONSEN. THE MINISTER'S REACTION TO THE LETTER WAS ONE OF DISAPPOINTMENT AND RELIEF. HE WAS OBVIOUSLY DISAPPOINTED AT THE DECISION TO IMPOSE A DOUBLE RATE: AFTER CAREFULLY READING THE LETTER, SIMONSEN SAID THAT "IT IS RIDICULOUS TO HAVE TWO RATES", AND "BUT OF COURSE WE WILL HAVE TO NEUTRALIZE THIS". HE DID NOT ELABORATE BUT THE IMPLICATION WAS CLEAR THAT HE MAY HAVE TO DO SOMETHING TO HELP ALLEVIATE THE BURDEN OF THE DUTIES ON THE SMALLER EXPORTERS. SIMONSEN DID NOT SEEM PERSUADED BY THE ARGUMENTS CONTAINED IN THE LETTER, WHICH THE FINANCIAL ATTACHE ALSO STRESSED AS WELL AS VULNERABLE TO LEGAT ATTACK IN THE U.S. COURTS. THE MINISTER SEEMED TO BE RELIEVED, ON THE OTHER HAND, THAT A DECISION WAS FINALLY MADE AND THAT THE PROBLEM NOW HAD BECOME HOW TO LIVE WITH THE NEW RATES.

6. THE FINANCIAL ATTACHE EMPHASIZED THE NEED TO PREVENT ANY LEAKS OF THIS DECISION BEFORE THE SCHEDULED PUBLIC ANNOUNCEMENT.
CRIMMINS

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NNN

Message Attributes

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